

Introduced by Senator Ashburn

February 22, 2005

An act *to add Section 21352.3 to the Government Code*, relating to public employees' retirement benefits.

LEGISLATIVE COUNSEL'S DIGEST

SB 884, as amended, Ashburn. Public employees' retirement: benefit increases.

The Public Employees' Retirement Law prescribes the rights and benefits of the members of the Public Employees' Retirement System. The law establishes retirement formulas, ~~known as the Second Tier and the modified First Tier, that are applicable to specified members of the system. Chapter 555 of the Statutes of 1999 provided a variety of benefit increases to members of the system, including (1) a change in the calculation of the highest annual compensation earnable for school members; (2) an option for Second Tier members to become First Tier members, as specified, and the reclassification of specified member classifications as First Tier for newly hired and returning employees; and (3) improved retirement formulas for various member classifications, among other changes for various classifications of members of the system, based on age, years of service, and compensation, in effect on the date of a member's retirement. Certain retirement formulas become applicable to contracting agencies and their employees only upon election by the agency, as specified.~~

~~This bill would state the intent of the Legislature to enact legislation that requires that benefit increases be calculated as part of the final retirement award only from the date enacted until the date of retirement, and to prohibit the application of benefit increases resulting from Chapter 555 of the Statutes of 1999 to service, age, or~~

~~salary earned prior to December 31, 1999, for members who have not yet retired or died provide that any amendment to specified existing retirement formulas, and new retirement formulas effecting certain members of the system, shall only apply to service performed by the member on and after the operative date of amendment. The bill would also provide that for contracts or amendments of contracts entered into on and after January 1, 2006, specified retirement formulas would apply only to service rendered on and after the effective date of the contract or the contract amendment.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. (a) It is the intent of the Legislature to enact~~
2 ~~legislation that requires that benefit increases be calculated as~~
3 ~~part of the final retirement award only from the date enacted until~~
4 ~~the date of retirement. In this regard, it is the intent of the~~
5 ~~Legislature that legislation be enacted to prohibit the application~~
6 ~~of benefit increases resulting from Chapter 555 of 1999 to~~
7 ~~service, age, or salary earned prior to December 31, 1999, for~~
8 ~~members who have not yet retired or died.~~

9 SECTION 1. Section 21352.3 is added to the Government
10 Code, to read:

11 21352.3. (a) Any amendment of Section 21354.1 that
12 modifies the formula of that section, or any amendment of this
13 part that enacts a new formula for members subject to Section
14 21354.1, for the calculation of the pension for a member, and
15 that becomes operative on or after January 1, 2006, shall apply
16 only with respect to service performed on and after that
17 operative date.

18 (b) For contracts or amendments to contracts entered into on
19 and after January 1, 2006, the formulas provided in Sections
20 21354, 21354.3, 21354.4, and 21354.5, or any amendments to
21 those formulas, or any amendment of this part that enacts a new
22 formula for local miscellaneous members, shall apply only to
23 service rendered on or after the effective date of the contract or
24 the contract amendment making those sections operative with
25 respect to employees of the contracting agency.

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